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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/776,524	02/02/2001	Thomas S. Drunic	01-017-US	5224

7590 12/20/2004

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EXAMINER

FULTS, RICHARD C

ART UNIT	PAPER NUMBER
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3628

DATE MAILED: 12/20/2004

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary

Application No.

09/776,524

Applicant(s)

DRUNSIC, THOMAS S.

Examiner

Richard Fults

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-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --
Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 02 February 2001.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-33 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1-33 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
- ☐ Certified copies of the priority documents have been received.
 - ☐ Certified copies of the priority documents have been received in Application No. _____.
 - ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- | | |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892) | 4) <input type="checkbox"/> Interview Summary (PTO-413)
Paper No(s)/Mail Date. _____ |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | 5) <input type="checkbox"/> Notice of Informal Patent Application (PTO-152) |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)
Paper No(s)/Mail Date _____ | 6) <input type="checkbox"/> Other: _____ |

DETAILED ACTION

Claim Rejections - 35 USC § 101

35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

1. Claims 1-15 are rejected under 35 USC 101 as the claimed invention is directed to non-statutory subject matter. For a claim to be statutory under 35 USC 101 the following two conditions must be met:

1) In the claim, the practical application of an algorithm or idea results in a useful, concrete, tangible result,

AND

2) The claim provides a limitation in the technological arts that enables a useful, concrete, tangible result.

As to the technology requirement, note MPEP Section IV 2(b). Also note *In re Waldbaum*, 173USPQ 430 (CCPA 1972) which teaches "useful arts" is synonymous with "technological arts". In *Musgrave*, 167USPQ 280 (CCPA 1970), In *re Johnston*, 183USPQ 172 (CCPA 1974), and In *re Toma*, 197USPQ 852 (CCPA 1978), all teach a technological requirement.

The invention in the body of the claim must recite technology. If the invention in the body of the claim is not tied to technological art, environment, or machine, the claim is not statutory. *Ex parte Bowman* 61USPQ2d 1665, 1671 (BD. Pat. App. & Inter. 2001) (Unpublished).

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and

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the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

2. Claims 1-33 are rejected under 35 U.S.C. 103(a) as being unpatentable over Kochanek et al, Financial Accounting (hereinafter Kochanek) 1990 in view of Davis et al (US 6,105,008A) (hereinafter Davis).

Kochanek discloses (see pages 56-62, 293-294, 356-358, and 366) all the steps, systems, and methods described in claims 1-33, including initiating a transaction, said transaction having a value, screening said transaction based upon a first set of criteria or by merchant category code, paying said provider from a sponsor group account, said sponsor group account relating to a plurality of participant flexible spending accounts, posting an amount relating to said value to a holding account or a sponsor shadow account, reducing the amount available for expenditure in the participant account adjudicating said transaction, wherein upon approval of the transaction, said amount posted to the holding account is released and posted to the participant account and the amount available for expenditure is reduced, and means for an electronic system to accomplish all of the above over a network. Kochanek does not teach a network or a flexible spending account. Kochanek does teach a payment system with a temporary holding account for which the transaction awaits adjudication before posting (journal, petty cash, voucher, etc.).

Davis teaches a pre-determined value smart card that operates over a network, that reduces the remaining value based on the value of a transaction using the smart card.

Because it would have provided a more comprehensive and efficient system of temporary holding accounts and verification (adjudication) of transactions it would have been obvious to one skilled in the art to at the time of the invention to have added the teachings of Davis to those of Kochanek and to have added the teaching of Kochanek

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to those of Davis for the same reasons, and to have made and used this invention prior to its filing date.

3. **Official Notice** is taken that the concept of holding accounts is old and well known in accounting practices, and that with a **smart card** it is a simple matter to fund the initial account balance from one source (group) account and to reimburse (replenish) the card for specific expenditures from a different source account (flexible spending account) and to track the provider code (merchant category code) to qualify transactions, and to screen the providers by that code. In addition, given the existence of a law that severely penalizes an erroneous final posting of a transaction into a specific account (flexible spending account), it would have been only commonsense and obvious to use a temporary holding account for that transaction until it had been verified before posting the transaction to the final account. It would have been obvious to one skilled in the art at the time of the invention to have been aware of these facts and common practices and make use of that knowledge to make and use this invention prior to its filing date.

Note is taken by the examiner that should the applicant find objectionable any statements made herein by the examiner regarding Official Notice, Applicant can make a proper challenge to those statements only by providing adequate information or argument so that on its face it creates a reasonable doubt regarding the circumstances justifying those statements: a simple response requesting a reference without doing so, or a response that fails to logically refute the basic assumptions underlying the justification, will result in an improper and failed challenge and those unchallenged statements will remain the record of the case. Applicants must seasonably challenge those statements in the first response following an Office Action. If an applicant fails to do so, his right to challenge them is waived.

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4. Any inquiry concerning this communication or earlier communications from the examiner should be directed to Richard Fults whose telephone number is 703-305-5416. The examiner can normally be reached on weekdays from 8:30 to 5:00.


If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Hyung Sough, can be reached on (703)-305-0505. The fax phone number for the organization where this application or proceeding is assigned is 703-872-9326 before final and 703-872-9327 after final.

Any inquiry of a general nature or relating to the status of this application or proceeding should be directed to the receptionist whose telephone number is 703-308-1113.



RCF

12/10/2004



FRANTZY PORCIVAL
PRIMARY EXAMINER
Au 3628